

Message Text

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ORIGIN ARA-17

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FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE PRIORITY

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E. O. 11652: N/ A

TAGS: PGOV; EFIN, PINT, CS

SUBJECT: WALL STREET JOURNAL ARTICLES ON VESCO AND FIGUERES

BEGIN SUMMARY:

1. MAY 16 WALL STREET JOURNAL CARRIES ONE ARTICLE BY STAFF REPORTER STANLEY PENN ENTITLED " TANGLED TALE - SEC SAYS VESCO- LINKED FIRMS MOVED SUM TO THE ACCOUNT OF COSTA RICA'S PRESIDENT", AND ANOTHER ARTICLE ENTITLED " VESCO TRIAL TO CLOSE FRIDAY, AFTER DEFENSE PRESENTS MINIMAL CASE - BUT RULING APPEARS MONTHS OFF ON SEC'S BID FOR PRELIMINARY INJUNCTION IN CIVIL- FRAUD SUIT;" END SUMMARY.

2. PENN ARTICLE BEGINS: " THE NEW YORK BANK ACCOUNT OF PRESIDENT JOSE FIGUERES OF COSTA RICA HAS GROWN BY \$325,000. SINCE THE COSTA RICAN PRESIDENT GAVE A HAVEN TO ROBERT L. VESCO." ARTICLE REPORTS THAT SEC DOCUMENTS SHOW TRANSFER OF \$325,000. TO FIGUERES' NEW YORK ACCOUNT FROM AUGUST 1972 TO EARLY THIS YEAR BY VESCO- LINKED COMPANIES IN BAHAMAS AND COSTA RICA . " REACHED BY TELEPHONE IN COSTA RICA YESTERDAY, PRESIDENT FIGUERES SAID THAT THE \$325,000. WASN'T HIS PERSONAL MONEY BUT THAT FOR ONE REASON OR ANOTHER THE MONEY HAD BEEN TRANSFERRED THROUGH HIS PERSONAL ACCOUNT BY OTHER COSTA RICAN ORGANIZATIONS." " HE SAID THAT HIS SON, JOSE MARTI FIGUERES HAD THE DOCUMENTS TO PROVE THIS." " THE PRESIDENT CHARGED THAT THE IMPLICATION OF THE

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QUESTIONS ASKED BY THIS NEWSPAPER WAS THAT HE HAD BEEN

BRIBED." " ' I HAVE NOT MADE A CENT,' THE PRESIDENT HOTLY
INSISTED." ... AND HUNG UP."

3. PENN ARTICLE THEN REPORTS THAT THE BANK
DOCUMENTS WERE SUBPOENAED BY THE SEC AND SUBMITTED IN
EVIDENCE YESTERDAY BY THE SEC IN ITS CIVIL FRAUD CASE.
SEC DOCUMENTS REPORTEDLY SHOW TURNOVER TO FIGUERES' ACCOUNT
OF \$255,000 BY BAHAMAS COMMONWEALTH BANK, WHILE ..."
ANOTHER \$70,000. WAS TRANSFERRED TO THE FIGUERES ACCOUNT
FROM AN OBSCURE COSTA RICAN COMPANY PARTLY OWNED BY
PRESIDENT FIGUERES ... SAN CRISTOBAL." ARTICLE REPORTS
THAT DOCUMENTS SHOW \$2,150,000. LOAN TO SAN CRISTOBAL, S. A.
CAME IN PART FROM VESCO GROUP AND THAT A BANK MEMORANDUM
SHOWS THAT " ... THE \$50,000. WAS CREDITED TO THE
FIGUERES ACCOUNT WITH INSTRUCTIONS OF TODAY FROM ASST. MGR.
MR. JOSE MARTI FIGUERES B. SAN CRISTOBAL S. A."

4. SECOND ARTICLE REPORTS THAT TRIAL OF SEC CIVIL- FRAUD
SUIT AGAINST VESCO IS EXPECTED TO CLOSE FRIDAY, AFTER THE
OFFERING BY VESCO LAWYERS OF ONLY A MINIMAL DEFENSE.
ATTORNEYS PRESENTED A MASS OF DOCUMENTS, CROSS- EXAMINED
SEVERAL SEC WITNESSES, AND SAY THEY ARE PREPARED TO
REST THEIR CASE CONTENDING SEC HAS FAILED TO PROVE ITS
CASE FOR PRELIMINARY INJUNCTION BARRING DEFENDANTS FROM
FUTURE VIOLATIONS OF SECURITIES LAWS AND REQUIRING
DEFENDANTS TO ACCOUNT FOR ALLEGED PAST MISAPPROPRIATIONS.
ARTICLE ESTIMATES DECISION ON SEC CASE IS MONTHS AWAY.

5. ARTICLE REPORTS THAT DEFENSE ATTORNEY ARTHUR L. LIMAN
BROUGHT TO COURT LAST THURSDAY JOSE MARTI FIGUERES, BUT
"... UNEXPECTEDLY, MR. LIMAN CHANGED HIS MIND AND DIDN' T
CALL THE YOUNGER FIGUERES TO THE WITNESS STAND." " ROBERT
E. KUSHNER, AN SEC ATTORNEY, SAID YESTERDAY THAT THE COURT
SHOULD DRAW AN ' ADVERSE INFERENCE' FROM THE DEVELOPMENT."

6. ARTICLE ALSO COMMENTS ON CRIMINAL INDICTMENT AGAINST
VESCO NOTING THAT HE HAS NOT COMMENTED ON INDICTMENT, AND
THAT IT IS NOT KNOWN WHETHER HE INTENDS TO APPEAR AT
ARRAIGNMENT MONDAY.

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7. DEPARTMENT WILL POUCH ARTICLES TO EMBASSY. RUSH

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